

This English version is a provisional translation provided by JETRO. If there is any discrepancy between the Japanese and English interpretations, the Japanese language will take precedence. Please use the official Japanese version for application.

<https://www.meti.go.jp/information/publicoffer/kobo/2020/k200522001.html>

https://epc.or.jp/fund_dept/supplychain/kobo

Program for Promoting Investment in Japan to Strengthen Supply Chains

Application Guidelines

May, 2020

Secretariat of the Program for Promoting Investment in Japan to
Strengthen Supply Chains

Contents

1. Objectives and Eligible Companies of the Project.....	2
(1) Objective.....	2
(2) Eligible Companies	2
2. Category of target expenditure, subsidy rate, maximum amount, etc.....	9
3. Project Period	11
4. Obligations, etc. of Subsidized Company	11
5. Other items.....	12
6. Submission of Application Documents	13
(1) Application Period	13
(2) Method of Submission	13
(3) Applications and Inquiries.....	13
(4) Advance Consultation and Contact Information.....	14
(5) Use of the Internet	14
(6) Documents to be submitted.....	14
7. Project Screening and Notification of Results	17
(1) Screening Criteria.....	17
(2) Notification of Selection	21
(3) Schedule for public offering.....	21
(4) Other items.....	21
8. Application for Approval of Advance Commencement and Notify of Results of Approval f.....	22
(1) Application Period	22
(2) Method of Submission	22
(3) Applications and Inquiries.....	23
(4) Advance Consultation and Contact Information.....	23
(5) Use of the Internet	23
(6) Documents to be submitted.....	23
(7) Notification, etc. of Approval or Non-Approval of Advance Commencement.....	24

1. Objectives and Eligible Companies of the Project

(1) Objective

The COVID-19 pandemic has caused serious disruptions to global supply chains, resulting in shortages of various products. The primary cause of these disruptions are vulnerabilities in the supply chains with high degree of concentration of production bases (manufacturing plants). This program aims to enhance viability of industries by strengthening supply chain resilience.

(2) Eligible Companies

Large enterprises and SMEs that meet all of the following requirements I to III and are able to manage and operate buildings, facilities, etc. after the termination of project.

I Requirements for the Subsidy

① Subsidized equipment

Facilities, machinery and equipment used in the factories or logistics facilities described in ②
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※ Purchases of equipment and machinery (including modifications) are essential for factories, and projects that do not involve the purchase of equipment and machinery are excluded from the scope of subsidies.

② Subsidized facilities

The facility shall be as follows:

1 factory

Facilities used for manufacturing or information and communications industries listed in the Japan Standard Industrial Classification (Ministry of Internal Affairs and Communications Notice No. 405 of 2013)

2 Logistics facilities (Note 1)

Products and materials that may tighten supply and demand due to a temporary increase in demand and that are essential for people's wellbeing (Note 2) and fall under the following

Warehouses or distribution centers (facilities used by themselves) used in the road freight transport business, international voyage business, coastwise transport business, air transport business, warehousing business, port transport business, freight transport business, wholesale trade, manufacturing business or retail business listed in the Japan Standard Industrial Classification

(Note 1) Logistics facilities are covered only by subsidized project B, which will be discussed later.

(Note 2) Confirm once a quarter that the product is handled on an ongoing basis based on the delivery record, etc.

② Requirements for the Subsidy

Either of the subsidized project A, B, or C shall be executed and all of the requirements listed in the respective subjects shall be met.

Subsidized Projects A	Requirements for the Subsidy A
A project to develop a production base in order to reduce the risk of supply disruptions of products and materials that have a high degree of	All of the following requirements shall be met (a) Concentration of production sites

<p>concentration of production bases. The project falls under any of the following.</p> <p>① Development of production bases in Japan for products, departments and materials, which have a high degree of concentration of production bases</p> <p>② Production base development business to conduct production using technologies that do not use as much products and departments materials as possible, which have a high degree of concentration of production bases</p>	<p>With regard to the degree of concentration of production bases, it is possible to confirm the degree of concentration in production bases by means of documents that prove that concentration is high in statistical indices such as trade statistics, and documents that prove that concentration of procurement is high on a business unit basis.</p> <p>(In addition to the above, in ② on the left, it is possible to confirm the fact that the investment is based on technologies that do not use the products and parts materials, which have a high degree of concentration of production sites, as much as possible with certificates, etc. from third parties, such as recommendations from customers and experts.)</p> <p>(b) Cutting-edge machinery and equipment Performance (specifications and specifications) of the subsidized machinery and equipment shall be cutting-edge (Note).</p>
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(NOTE) Advanced machinery and equipment refers to products listed in the latest catalogues of manufacturers of custom-order products or manufacturing equipment.

Subsidized Projects B	Requirements for the Subsidy B
<p>Projects to develop production bases, etc. for products, parts and materials that may face tight supply and demand due to a temporary increase in demand and that are important for the national's healthy lives</p>	<p>The following (a) and (b) shall be satisfied (in the case of distribution facilities listed above as subsidized facilities, the following (c) shall also be satisfied):</p> <p>(a) Supply-demand tightness Should be checked in any of the following documents</p> <p>① Certificates issued by third parties, such as written requests for increased production, regarding the government's demand for increased production and stable supply</p> <p>② Third-party certificates such as statistics and recommendations from customers and experts</p> <p>(b) products essential for people's wellbeing Should be checked in any of the following</p>

	<p>documents</p> <ul style="list-style-type: none"> ① Documents issued by third parties, such as written requests for increased production, regarding the government's demand for increased production and stable supply ② Government Decision-Making Documents (Basic Disaster Management Plan, Government Action Plan for Countermeasures against Pandemic Influenza, etc.) ③ Recommendations from experts on necessities for daily life, items used in medical institutions, welfare facilities, etc. <p>(c) Capital Expenditure Effect</p> <p>Should be checked in the following documents</p> <ul style="list-style-type: none"> ① Planned capital expenditures (including expenditures related to increased delivery volume, facilitation, and efficiency) ②: Plan pertaining to the treatment of those listed in (b) above ③: When the government requested a preference supply when the supply and demand situation tightened, the plan relating to the treatment of the items described in (b) above (including the content relating to the increase of the delivery quantity, facilitation, and efficiency enhancement).
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Subsidized Projects C	Requirements for the Subsidy C
<p>Projects that meet all of ① to ③ below</p> <ul style="list-style-type: none"> ① Joint ventures by multiple groups of SMEs (Note) ② Projects corresponding to Projects A ③ Projects with group merits 	<p>All of the following requirements shall be met</p> <ul style="list-style-type: none"> ① Joint implementation and application by a group of multiple SMEs ② Satisfy the requirements set forth in Requirement A ③ Those with any of the following grouping merits <ul style="list-style-type: none"> (1) Economies of scale by grouping (efficiency by expanding scale) Example: Reduce procurement costs by

	<p>improving capacity utilization and increasing the volume of materials ordered.</p> <p>(2) Synergy effect by the group (effect by complementing technologies, etc.)</p> <p>Example: Expansion of development and production flexibility by increasing the number of technologies, suppliers, customers, etc.</p>
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(NOTE) Joint implementation by two or more SMEs. Large enterprises and SMEs that fall under the following categories can also be implemented jointly, but are not eligible for subsidies under Project C.

- A corporation (hereinafter referred to as "deemed large enterprise") in which one-half or more of the total number of outstanding shares or the amount of equity properties to enterprises other than the same SME (hereinafter referred to as "large enterprise") (excluding Specified Venture Capital, Small and Medium- Business Investment & Consultation Corporation, and Limited Partnership for Venture Capital Investment)
- A corporation in which one-half or more of the total number of outstanding shares or the amount of equity properties to the same deemed large enterprise (excluding Specified Venture Capital, Small and Medium Business Investment & Consultation Corporation and Limited Partnership for Venture Capital Investment)
- A corporation in which two-thirds or more of the total number of outstanding shares or the amount of equity properties to multiple large enterprises (including deemed large enterprises; excluding Specified Venture Capital, Small and Medium Business Investment & Consultation Corporation and Limited Partnership for Venture Capital Investment)
- A corporation in which one-half or more of the total number of officers are also officers or employees of large enterprises (including deemed large enterprises; excluding Specified Venture Capital, Small and Medium Business Investment & Consultation Corporation and Limited Partnership for Venture Capital Investment)

④ Investment plan

The investment plan for the said subsidized project was not announced externally before April 7, 2020.

II Scope of the business operator

Only businesses that meet all of the following requirements:

- The applicant is a juridical person registered in Japan and has a place of business implementation in Japan.
- The juridical person shall have an organization and personnel to carry out the business appropriately.
- The applicant must have a management base necessary for the smooth execution of this project, and must have sufficient management skill for funds, etc.
- It is not a person who has taken measures to suspend grants, etc. or to suspend designation from

METI.

- Large enterprises, SMEs, etc. of one or more companies.
- SMEs and other businesses are defined by the Small and Medium Enterprise Basic Act, as well as general incorporated associations, general incorporated foundations, specification nonprofit corporations (Note 1), business cooperatives, agricultural corporations, and universities (Note 2). Universities shall be limited to project C subject to the subsidy.

<SMEs as stipulated in the Small and Medium Enterprise Basic Act>

Industry type	Small and medium-sized enterprises (those satisfying any of the following)	
	Total amount of capital or equity	The number of employees
Manufacturing and others	Under ¥300 million	Under 300 people
Rubber products manufacturing industry (excluding automobile or aircraft tire and tube manufacturing industry and industrial belt manufacturing industry)	Under ¥300 million	Under 900 people
Wholesale trade	Under ¥100 million	Under 100 people
Retail trade	Under ¥50 million	Under 50 people
SERVICES	Under ¥50 million	Under 100 people

(Note 1) Non-profit organizations are defined as those that meet the following conditions.

- The profit-making project subject to tax under the corporate tax law shall be implemented, and the subsidized project shall be within the scope of this profit-making business.
- Not a certified non-profit organization.

(Note 2) Universities under this project mean national university corporations as defined in Article 2, Paragraph 1 of the National University Corporation Law, public university corporations as defined in Article 68, Paragraph 1 of the Local Incorporated Administrative Agencies Law, and universities established by educational corporations as defined in Article 3 of the Private School Law.

III None of the following requirements for non-payment shall apply

Non-Payment Requirements

1 The Secretariat recognizes that the recipient of the subsidy falls under any of the following conditions, and that the recipient of the subsidy is inappropriate, taking into consideration comprehensively the type of conduct, involvement of officers, the duration of the violation, and social impacts.

- (a) Cases where the financial instruments business operator has received or is deemed to have received, by deception or other wrongful means, subsidies, etc. prescribed in Article 2, paragraph 1 of the Act on Regulation, indirect subsidies, etc. prescribed in Article 2, paragraph 4 of the Act on Regulation, and funds (hereinafter referred to as ""subsidies, etc."") delivered to private business operators, etc. pursuant to the conditions of subsidies, etc. delivery or contracts determined by the heads of ministries and agencies as conditions prescribed in Article 4, paragraph 2, item 4 of the Enforcement Order."
- (b) When it is deemed that the subsidy, etc. has been used for other purposes.
- (c) In the case where the designated examining body has violated the contents of a decision on the grant of subsidies, etc., the conditions attached thereto, or any other laws and regulations or any disposition given by the heads of Ministries and Agencies based on such laws and regulations (excluding the case set forth in (b))
- (d) In the case where an employer or an employer is a juridical person, an officer or a person who supervises the business at the place of business of said juridical person or a person equivalent thereto (hereinafter referred to as an "officer, etc.") is arrested or prosecuted without arrest on suspicion of bribery committed against an official of a public organization.
- (e) In the event of violation of Article 3 or Article 8, paragraph 1, item 1 of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947) (excluding the cases listed in (f)) in connection with business.
- (f) When an officer, etc. is arrested on suspicion of bid rigging or prosecuted without going through arrest.
- (g) When an officer, etc. has been arrested on suspicion of obstruction an auction or prosecuted without going through arrest.
- (h) In cases where the company has conducted the actions set forth in Article 2, paragraph 1, item 1 or Article 19 of the Act on the Prevention of Unfair Competition (Act No. 47 of 1993)
- (i) In addition to the cases listed in the preceding items, where the relevant person has committed a wrongful or dishonest act in connection with the business.
- (j) In addition to the cases listed in the preceding items, when an officer, etc. has been prosecuted on suspicion of an offense punishable by imprisonment or heavier punishment or has been sentenced to imprisonment or a fine under the Penal Code (Act No. 45 of 1907).

2 Business operator who fall under whichever of following of the following conditions:

- (a) Business establishments with officers, etc. who fall under the category of Boryokudan (crime syndicate) members (refers to crime syndicate members prescribed in Article 2, item 6 of the Act on Prevention of Unjust Acts by Organized Crime Group Members (Act No. 77 of 1991; hereinafter referred to as "Anti-Boryokudan Act"); the same shall apply hereinafter) and who are under the control of Boryokudan (crime syndicate) members, etc. (hereinafter referred to as "Boryokudan members, etc.")
- (b) Places of business where Boryokudan members, etc. are or are likely to be engaged in

their duties.

- (c) A place of business where an Boryokudan member, etc. controls his/her business activities
- (d) Businesses in which Boryokudan members are effectively involved in business
- (e) A place of business where officers, etc. use the power of Boryokudan (which means crime syndicate prescribed in Article 2, item 2 of the Anti-Boryokudan Act; the same shall apply hereinafter) or Boryokudan members, etc. for the purpose of acquiring illicit profits for themselves or a third party or inflicting damage on a third party
- (f) Business establishments where officers, etc. are actively cooperating with or involved in the maintenance or operation of Boryokudans, such as providing funds or benefit to crime syndicate or Boryokudan members, etc.
- (g) A place of business where an officer, etc. or a person who is effectively involved in the management thereof has a relationship with an Boryokudan or an Boryokudan member, etc. that should be criticized
- (h) A business establishment that knows that it is a business establishment prescribed in (a) to (g) but uses it unjustly

(Joint Application)

Applications shall be made in principle by the applicant company alone (excluding the subsidized project C). If the project cannot be made by the applicant company alone (as in the case of the following example), joint applications by multiple companies will be accepted.

(Example)

- Where the capital investment function, production planning function, production function, logistics function, etc. are dispersed among the respective companies (in the case where the manufacturing function or logistics function is delegated to a subsidiary, etc.)
- When using a leasing company (see below)

In the case of a joint application, please check with the secretariat because there is a dedicated form for the application form.

(When a leasing company is used in the acquisition of equipment)

When a leasing company is used in the acquisition of equipment, the installer and the leasing company submit a joint application. In principle, the leasing company shall be one company. However, in the case of leases, subsidies are provided for equipment and machinery purchased by the leasing company, and expenses such as commissions and insurance premiums that make up the lease payments are not covered. Please present the documents that prove that the amount equivalent to the subsidy has been reduced from the lease fee (with or without subsidies, the basic amount of the lease fee, the procurement cost (basis of the funding rate), the fees, insurance fees, taxes, etc., respectively). Also, the contract period should be at least the depreciation period of the equipment to be installed (the longest for several cases). Installment contracts are not included in leases. When a leasing company is used to acquire a building, the building acquisition cost is not subject to this subsidy.

(Concept of the Subsidy Rate in the Case of Joint Application)

In the case of joint application, please apply for the subsidy rate specified on pages 8 to 12 as follows. However, the subsidized project C is excluded.

Combination of companies applying jointly	Rate of subsidy to be applied
Joint application by large enterprise (Note) and large enterprise	Large enterprises
Joint applications by SMEs and large enterprises	Large enterprises
Joint applications by SMEs and large leasing companies	Small and Medium Enterprises
Joint applications by SMEs and SMEs	Small and Medium Enterprises

(NOTE) Deemed large corporations are treated as large corporations.

2. Category of target expenditure, subsidy rate, maximum amount, etc.

Subsidized Projects A

Target Businesses	Projects related to the development of production bases to reduce the risk of supply disruptions of products and materials that have a high degree of concentration of production bases	
Classification of Subsidized Cost	Property acquisition cost	The following shall apply. ① The amount of invested fixed assets (the total amount of acquisition prices (excluding consumption tax and local consumption tax) of fixed assets stipulated in Article 341 of the Local Tax Law that are used for the said business) ② Incidental construction expenses, etc. to be implemented in conjunction with the above
	Equipment cost	
	System purchasing cost	Expenses for purchasing software required for the implementation of subsidized businesses
Subsidy rates	Large enterprises: 1/2 or less Small and medium-sized companies: 2/3 or less	
Maximum amount	15 billion yen	

Subsidized Projects B

Target Businesses	Projects relating to the development of production bases, etc. of products, materials, etc. that may face tight supply and demand due to a temporary increase in demand and that are essential for people's wellbeing	
Classification of Subsidized Cost	Property acquisition cost	The following shall apply. ① The amount of invested fixed assets (the total amount of acquisition prices (excluding consumption tax and local consumption tax) of fixed assets stipulated in Article 341 of the Local Tax Law that are used for the said business)
	Equipment cost	

		② Incidental construction expenses, etc. to be implemented in conjunction with the above
	System purchasing cost	Expenses for purchasing software required for the implementation of subsidized businesses
Subsidy rates	Large enterprises: 2/3 or less Small and medium-sized companies: 3/4 or less	
Maximum amount	15 billion yen	

Subsidized Projects C

Target Businesses	A project involving the development of a production base in order to reduce the risk of supply disruptions of products and parts and materials that have a high degree of concentration of production bases, jointly implemented by multiple groups of SMEs, etc., that has the advantages of grouping.	
Classification of Subsidized Cost	Property acquisition cost	The following shall apply. ① The amount of invested fixed assets (the total amount of acquisition prices (excluding consumption tax and local consumption tax) of fixed assets stipulated in Article 341 of the Local Tax Law that are used for the said business) ② Incidental construction expenses, etc. to be implemented in conjunction with the above
	Equipment cost	
	System purchasing cost	Expenses for purchasing software required for the implementation of subsidized businesses
Subsidy rates	Small and Medium Enterprise Group: 3/4 or less	
Maximum amount	15 billion yen	

※ The subsidy rate may be lower than the desired rate as a result of the review.

※ The subsidized expenses shall be truly necessary and appropriate for the execution of said project.

※ When it is difficult to distinguish among invested fixed assets used for the business concerned and those other than those used for the business concerned, the invested fixed assets shall be classified at an appropriate ratio.

※ With regard to installment payments that involve the transfer of ownership, the entire amount shall be included as assets.

※ Equipment costs are necessary expenses for the purchase and installation of equipment and machinery used in subsidized facilities. Incidental facilities that cannot be separated from properties are, in principle, included in the cost of acquiring the buildings.

※ System purchasing costs are any of the following.

- Costs of purchasing software directly required for the operation of equipment and machinery used in the subsidized facilities

- Cost of purchasing software at logistics facilities that contributes to the efficiency of the business processes of the company and the entire supply chain.
- ※ Expenses that fall under any of the following categories are not eligible for subsidy.
 - Those ordered, purchased, contracted, etc. prior to the issue decision date.
 - Personnel costs of applicants
 - Expenses for removal of existing buildings and machinery and equipment
 - Cost of relocating existing machinery and equipment
 - Rent, guarantee deposits, security deposits, brokerage fees, utilities expenses relating to offices, etc.
 - Communications charges, such as telephone charges and Internet charges
 - Cash vouchers such as gift certificates
 - Office supplies such as stationery, consumables, subscription fees for magazines, newspaper fees, membership fees for organizations, etc.
 - Expenses of food and beverages, luxury, entertainment and entertainment
 - Expenses for purchasing, repairing and inspecting automobiles and other vehicles
 - Expenses paid to certified public tax accountants and certified public accountants for tax returns and preparation of financial statements, and legal fees for action, etc.
 - Transfer fees, taxes and public dues (including consumption tax), various insurance premiums
 - Interest paid on borrowings, etc. and late-payment damages
 - Lease fees from the lease of equipment and machinery among the joint applicants and outsourcing fees when requesting processing
 - Cost of purchasing general-purpose items (PCs, printers, etc.) that can be used for other purposes.
 - Expenses for purchases of used goods for which the appropriateness of pricing is unclear
 - Equipment, furniture and fixtures that can be used in places other than those where the subsidized business is implemented (equipment that is not used for installation, fixation, etc.)
 - Expenses deemed inappropriate for use of public funds for social purposes in addition to the above.

Please note that, as a result of the verification of the application form and the detailed examination of its content, the amount of expenses applied for as a subsidy at the time of application may not be determined as the amount of the subsidy, and may not be in line with the amount adopted.

3. Project Period

If the application is adopted in this public offering, in principle, a Grant Application for the subsidy shall be made within fiscal 2020. After the Grant Decision is made, promptly start the project, such as placing an order for the acquisition of buildings and equipment related to the subsidized project, and complete the project by the end of fiscal 2022 (refers to the point when the acquisition of buildings and equipment has been completed and all expenses have been paid; the same shall apply hereinafter).

However, if the project is a large-scale investment and it is clear that the project will not be completed by the end of fiscal 2022, the application may be approved with the completion date set at the end of fiscal 2023.

4. Obligations, etc. of Subsidized Company

Please be aware that when using this Subsidy, in addition to the matters listed below, we will comply with the provisions of the Law Concerning the Proper Execution of Budgets Relating to Subsidies.

- ① Subsidiary businesses must obtain prior approval when they intend to change the allocation of expenses or the contents of subsidized businesses, or when they intend to discontinue or discontinue subsidized businesses after receiving a grant decision.
- ② Business businesses must promptly report on the progress of the subsidy during the interim year of grant.

- ③ When the subsidized project is completed, the subsidized project provider must submit the performance report by the day on which 30 days have elapsed from the day of completion.
- ④ Subsidiary businesses must manage assets acquired through subsidized businesses or assets with increased utility with the care of a good manager even after the termination of the subsidized businesses and effectively manage such assets in accordance with the purpose of granting subsidies. The Company must maintain an Acquisition Property Management Register to properly manage such assets during the period of property disposal restrictions stipulated separately.
- ⑤ Subsidiaries may not dispose of the Acquisition Assets (use, transfer, loan or pledge them as collateral contrary to the purpose of granting subsidies) during the period stipulated in the Ministerial Ordinance Concerning the Purpose of Granting Subsidies and the Durable Years, etc. of Depreciable Assets (Ordinance of the Ministry of Finance No. 15, 1965). However, in the event that it is necessary to dispose of such acquisition properties due to unavoidable circumstances, it is possible to dispose of such acquired assets by obtaining prior approval, in which case, in principle, all or part of the subsidy will be returned.
- ⑥ The subsidized company must arrange the documentary evidence clarifying the facts of the income and expenditure of the accounting relating to the subsidized project and retain it for five years after the end of the fiscal year of the country to which the date of completion of the subsidized project belongs.
- ⑦ The subsidized company must report on the status of continuation of the subsidy business within 90 days after the end of every fiscal year of the subsidized company for five years after the end of the fiscal year of the subsidized company including the date of completion of the subsidy business (hereinafter referred to as the "reporting period"). Provided, however, that in the event that the Corporation with Funds deems it necessary, it may require the submission of a report even after the end of the reporting period.
- ⑧ Cooperation in surveys related to subsidized projects and other business results may be announced.
- ⑨ In view of the purpose of this subsidy project, in the event that the supply and demand for products and materials becomes tight in the future, the government may request a preference supply.

5. Other items

- ① The amount of the application for subsidies (including the subsidy rate) submitted in the current application will not be the amount to be granted. Following the adoption decision by the Public Offering, the Secretariat will rigorously review the contents of the application for issuance submitted by the adopter in accordance with the Rules Governing the Issuance and then notify the amount of the decision on issuance in the notice of issuance decision.
- ② Subsidy payments are, in principle, made after the completion of the subsidy project, subject to the submission of a report on the performance of the subsidy project and settlement payments are made after the amount is finalized. In some cases, the final amount (settlement amount) does not reach the determined amount of the grant.
In addition, when deemed particularly necessary, subsidies may be paid for the relevant portion of the subsidy after confirming the progress of the project during the course of the execution of the

subsidized project, the occurrence of expenses (act of payment), requirements for issuance, and other relevant matters, and following prescribed procedures.

- ③ Expenses incurred prior to the grant decision date will, in principle, not be covered because the expenses related to the subsidy projects ordered after the grant decision date will be covered by the expenses related to the subsidy projects.

The exceptions are described below.

- ④ Please note that the submission of the application form duplicated with other systems subsidized by the national government (including special public institutions, etc.) is not permitted (including after the submission of this application form).

Please contact the Secretariat in advance if you have any questions about the combination with other systems.

- ⑤ Subsidiary businesses must put their sales, contracts, and other contracts to public tender in order to carry out their subsidized businesses. However, in the event that it is difficult or inappropriate to place the project in general competition for the purpose of the operation of the subsidized project, the project may be put to selective competition or may be put to a discretionary contract.

6. Submission of Application Documents

(1) Application period

From Friday, May 22, 2020 to Wednesday, July 22, 2020, at noon [Must Arrive]

For those who wish to implement the project as early as possible, those who submit the application form until noon on June 5th (Friday) for [Must Arrive] will be eligible for prior examination.

(2) Method of Submission

Applicants are required to complete the application form and submit it to the Secretariat by post by the period of the application. [Must Arrive within the acceptance period]

Due to delivery or other circumstances, there may be cases where the application form may not be delivered by the deadline. Please be careful that the application form will be sent with sufficient time before the deadline.

(3) Applications and Inquiries

Please submit the filing as below. Write in red on the face of envelopes

「サプライチェーン対策のための国内投資促進事業費補助金 応募申請書類在中」.

Please note that this file shall not be submitted to METI.

The Secretariat confirms this, so please make sure to contact the Secretariat before submission (at the time of preparation of the application).

<Secretariat of the Program for Promoting Investment in Japan to Strengthen Supply Chains>

[Submit] Original 1 copy + Electronic Media

〒103-0027 5F, Nihonbashi 313 Building, Nihonbashi 3-13-5 KDX, Chuo-ku, Tokyo

Social Policy Consulting Department, Mizuho Information & Research Institute, Ltd.

(In charge of the Secretariat of the Program for Promoting Investment in Japan to Strengthen Supply Chains)

TEL:03-6825-5476 FAX:03-6826-5060

※ Telephone reception hours: 10:00 to 12:00 and 13:00 to 17:00 (excluding weekends and holidays)

E-mail:kokunaitoushi@mizuho-ir.co.jp

Website of https://epc.or.jp/fund_dept/supplychain/kobo(Environmental Partnership Conference)

(Note 1) We will not accept faxes, e-mails, or submits. If there is a deficiency in the material, it will not be subject to review, so please note it.

(Note 2) Submission after the deadline is not accepted. Due to delivery and other reasons, the deadline may not be reached, so please send it with a surplus to the deadline.

(Note 3) For mailing, please send it using the method that can confirm the delivery record (e.g., simple registered mail, parcel delivery, etc.).

(Note 4) If a company submits multiple applications, please post each application (one application per mailing).

(Note 5) When applying for the subsidized projects C, the Group representative is required to submit the application form together.

(4) Advance Consultation and Contact Information

An inquiry regarding the preparation of the application form is received by the Secretariat, but it is recommended that you consult with the Bureau of Industry, which has control over the area where the site is planned in advance. Please refer to "Contact Information" on page 63 for the sections in charge of Bureau of Industry and the jurisdiction.

If you wish to consult with the Secretariat or the section in charge of the Bureau of Industry in advance, please make a telephone reservation such as the date of consultation in advance so that you do not wait. Please note that we may not be able to meet your request, as it is expected that there will be a confusion immediately before the deadline.

(5) Use of the Internet

Please be sure to confirm that these procedures and related materials are also available on the following website. Application forms can be downloaded from the website.

https://epc.or.jp/fund_dept/supplychain/kobo (Website of Environmental Partnerships Conference)

(6) Documents to be submitted

① Be sure to use the form in accordance with this public solicitation procedure when submitting the report. Please use A4 format for the size of the document to be submitted. (It is not possible to expand or narrow the frame for each format.)

② The following table shows the number of documents submitted to and the number of copies submitted to the Company.

Submitted to	Number of copies to be submitted
Secretariat of the Program for Promoting Investment in Japan to Strengthen Supply Chains	• 1 original copy... Single-sided printing A4 format

	<ul style="list-style-type: none"> Electronic Media 1 Set.. P. A CD-R(DVD-R containing the documents specified in "How to summarize the filing documents" 58 is also acceptable. The same applies hereafter.)
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※ Insert the page in the central below the submission and enter the applicant company in CD-R.

③ The application may be reviewed in writing based on the submitted documents, and hearings may be held in some cases.

During the examination period, we may submit additional explanatory materials as necessary.

④ We will not return the documents submitted in the "List of Documents to be submitted" or any additional explanatory materials.

List of Documents to be submitted

Subsidized Projects A

	Name of the document	Form
Documents to be Submitted	<input type="checkbox"/> Applications for the Program for Promoting Investment in Japan to Strengthen Supply Chains	Format 1
	<input type="checkbox"/> Explanation of the outline of the subsidiary business	Format 2
	<input type="checkbox"/> Subsidy program of feasibility	Appendix 1
	<input type="checkbox"/> Cutting-edge machinery and equipment	Appendix 2
	<input type="checkbox"/> Overseas Production Ratio	Appendix 4
	<input type="checkbox"/> Concentration of production in a country	Appendix 5
	<input type="checkbox"/> Technologies that do not use the products/parts/materials as much as possible (only for the Production Base Maintenance Business that produces products/parts/materials that are highly concentrated in production bases and that utilize technologies that do not use them as much as possible)	Appendix 6
	<input type="checkbox"/> Flexibility of facilities and equipment to be maintained	Appendix 7
	<input type="checkbox"/> Dispersion of Domestic Supply Chains	Appendix 8
	<input type="checkbox"/> Investment inducement effect	Appendix 13
	<input type="checkbox"/> Attached documents listed in Form 2-1. Implementation Plan for Subsidized Projects	No format
	<input type="checkbox"/> Supplement to Form No. 2	No format
	<input type="checkbox"/> Pledges Concerning the Elimination of Crime syndicates	Format 3
	<input type="checkbox"/> List of Directors and Corporate Auditors	Appendix

Subsidized Projects B (factory)

	Name of the document	Form
Documents to be Submitted	<input type="checkbox"/> Applications for the Program for Promoting Investment in Japan to Strengthen Supply Chains	Format 1
	<input type="checkbox"/> Explanation of the outline of the subsidiary business	Format 2
	<input type="checkbox"/> Subsidy program of feasibility	Appendix 1
	<input type="checkbox"/> Flexibility of facilities and equipment to be maintained	Appendix 7

<input type="checkbox"/> Dispersion of Domestic Supply Chains	Appendix 8
<input type="checkbox"/> Tight supply and demand conditions	Appendix 9
<input type="checkbox"/> Importance to the national in their healthy lives	Appendix10
<input type="checkbox"/> Investment inducement effect	Appendix13
<input type="checkbox"/> Attached documents listed in Form 2-1. Implementation Plan for Subsidized Businesses	No format
<input type="checkbox"/> Supplement to Form No. 2	No format
<input type="checkbox"/> Pledges Concerning the Elimination of Crime syndicates	Format 3
<input type="checkbox"/> List of Directors and Corporate Auditors	Appendix

Subsidized Projects B (logistics facilities)

	Name of the document	Form
Documents to be Submitted	<input type="checkbox"/> Applications for the Program for Promoting Investment in Japan to Strengthen Supply Chains	Format 1
	<input type="checkbox"/> Explanation of the outline of the subsidiary business	Format 2
	<input type="checkbox"/> Subsidy program of feasibility	Attachment 1
	<input type="checkbox"/> Tight supply and demand conditions	Attachment 9
	<input type="checkbox"/> Importance to the national in their healthy lives	Attachment10
	<input type="checkbox"/> Investment Plans	Attachment11
	<input type="checkbox"/> Plan for handling in normal times and contingencies	Attachment12
	<input type="checkbox"/> Investment inducement effect	Attachment13
	<input type="checkbox"/> Attached documents listed in Form 2-1. Implementation Plan for Subsidized Businesses	No format
	<input type="checkbox"/> Supplement to Form No. 2	No format
	<input type="checkbox"/> Pledges Concerning the Elimination of Crime syndicates	Format 3
	<input type="checkbox"/> List of Directors and Corporate Auditors	Appendix

Subsidized Projects C

	Name of the document	Form
Documents to be Submitted	<input type="checkbox"/> Applications for the Program for Promoting Investment in Japan to Strengthen Supply Chains	Format 1
	<input type="checkbox"/> Explanation of the outline of the subsidiary business	Format 2
	<input type="checkbox"/> Subsidy program of feasibility	Appendix 1
	<input type="checkbox"/> Cutting-edge machinery and equipment	Appendix 2
	<input type="checkbox"/> Effects of grouping	Appendix 3
	<input type="checkbox"/> Overseas Production Ratio	Appendix 4
	<input type="checkbox"/> Concentration of production in a country	Appendix 5
	<input type="checkbox"/> Technologies that do not use the products/parts/materials as much as possible (only for the Production Base Maintenance Business that produces products/parts/materials that are highly concentrated in production bases and that utilize technologies that do not use them as	Appendix 6

much as possible)	
<input type="checkbox"/> Flexibility of facilities and equipment to be maintained	Appendix 7
<input type="checkbox"/> Dispersion of Domestic Supply Chains	Appendix 8
<input type="checkbox"/> Investment inducement effect	Appendix 13
<input type="checkbox"/> Attached documents listed in Form 2-1. Implementation Plan for Subsidized Businesses	No format
<input type="checkbox"/> Supplement to Form No. 2	No format
<input type="checkbox"/> Pledges Concerning the Elimination of Crime syndicates	Format 3
<input type="checkbox"/> List of Directors and Corporate Auditors	Appendix

(Note 1) In the case of a joint application, Format 2, 2. Budget of revenues and expenditures of the subsidiary project- 4. Summary of subsidiaries, Appendix 1, and supplementary materials should be prepared for each company composing the joint application and submitted in a joint application unit.

(Note 2) In addition to the above, there are confirmation documents, etc., and please sufficiently check the "Check Sheet for Submission Documents, etc." on pages 50 to 57.

7. Project Screening and Notification of Results

(1) Screening Criteria

The examination of the adoption is carried out by a third-party committee established in the Secretariat.

Subsidized Projects A

① Examination of Basic Matters (Required Items)

(a) Basic requirements

Is it consistent with the purpose of the subsidized business listed in "1. (1) Objectives of the projects" and meets the requirements listed in "1. (2) I Requirements for the Subsidy "

(b) Eligibility (*1)

Whether the Financial Instruments Business Operator can confirm that it satisfies the requirements listed in "1. (2) Scope of Business Operators" and does not fall under "1. (2) III. Non-Payment Requirements".

(c) System for Implementing Subsidized Businesses

Is there a sufficient system for the smooth execution of subsidy projects?

(d) Financial Soundness

Does the business operator have the financial power and management base to smoothly execute subsidy projects?

(e) Feasibility of subsidized businesses

Is the schedule for the subsidized business appropriate? Whether the subsidized business is excessive in comparison with the investment scale (the financial indicators of the enterprise (sales, net assets, total capital, etc.)?)

② Examination of business content (additional scoring items)

(a) Overseas Production Ratio

Whether overseas concentration of production bases is recognized for products and materials produced through subsidiary businesses

(b) Concentration of production in a country

Whether the concentration of production bases in a country is recognized for products and materials produced through subsidiary businesses.

(c) Technologies that do not use the products/parts/materials as much as possible (only for the Production Base Maintenance Business that produces products/parts/materials that are highly concentrated in production bases and that utilize technologies that do not use them as much as possible) Are technologies that do not use products and materials that are highly concentrated at production sites used as much as possible?

(d) Flexibility of facilities and equipment to be maintained

Whether the facilities and equipment to be developed through the subsidized businesses are flexible to a certain extent, and whether they are recognized as contributing to the strengthening of the resilience of the Japanese industry as a whole, such as the conversion of applications in an emergency

(e) Dispersion of Domestic Supply Chains

Whether the selection of a location for the subsidiary business is recognized as contributing to the decentralization of the supply chain in Japan

(f) Commodity priority

Are products and materials produced through subsidiary businesses recognized as having high added value?

(g) Investment inducement effect

Is the investment inducement effect of subsidized businesses larger than the amount applied for subsidies?

Subsidized business B (factory)

① Examination of Basic Matters (Required Items)

(a) basic requirements

Is it consistent with the purpose of the subsidized business listed in "1. (1) Objectives of the business" and meets the requirements listed in "1. (2) I Auxiliary Requirements"?

(b) Eligibility (*1)

Whether the Financial Instruments Business Operator can confirm that it satisfies the requirements listed in "1. (2) Scope of Business Operators" and does not fall under "1. (2) III. Non-Payment Requirements."

(c) System for Implementing Subsidized Businesses

Is there a sufficient system for the smooth execution of subsidy projects?

(d) Financial Soundness

Does the business operator have the financial power and management base to smoothly execute subsidy projects?

(e) Feasibility of subsidized businesses

Is the schedule for the subsidized business appropriate? Whether the subsidized business is excessive in comparison with the investment scale (the financial indicators of the enterprise (sales, net assets, total capital, etc.)?)

(f) Supply-demand tightness

Are tight supply and demand conditions recognized for products and materials produced by subsidized businesses?

② Examination of business content (additional scoring items)

(a) Importance to the national in their healthy lives

Whether the products and materials produced by the subsidized business are recognized as important for the national to lead healthy lives

(b) Flexibility of facilities and equipment to be maintained

Whether the facilities and equipment to be developed through the subsidized businesses are flexible to a certain extent, and whether they are recognized as contributing to the strengthening of the resilience of the Japanese industry as a whole, such as the conversion of applications in an emergency

(c) Dispersion of Domestic Supply Chains

Whether the selection of a location for the subsidiary business is recognized as contributing to the decentralization of the supply chain in Japan

(d) Investment inducement effect

Is the investment inducement effect of subsidized businesses larger than the amount applied for subsidies?

Subsidized business B (logistics facilities)

① Examination of Basic Matters (Required Items)

(a) basic requirements

Is it consistent with the purpose of the subsidized business listed in "1. (1) Objectives of the business" and meets the requirements listed in "1. (2) I Auxiliary Requirements"?

(b) Eligibility (*1)

Whether the Financial Instruments Business Operator can confirm that it satisfies the requirements listed in "1. (2) Scope of Business Operators" and does not fall under "1. (2) III. Non-Payment Requirements."

(c) System for Implementing Subsidized Businesses

Is there a sufficient system for the smooth execution of subsidy projects?

(d) Financial Soundness

Does the business operator have the financial power and management base to smoothly execute subsidy projects?

(e) Feasibility of subsidized businesses

Is the schedule for the subsidized business appropriate? Whether the subsidized business is excessive in comparison with the investment scale (the financial indicators of the enterprise (sales, net assets, total capital, etc.)?)

(f) Supply-demand tightness

Are tight supply and demand conditions recognized for products and materials handled through subsidized businesses?

(g) Importance to the national in their healthy lives

Whether the products and materials handled by the subsidized business are recognized as important for the national to lead healthy lives

- ② Examination of business content (additional scoring items)
- (a) Increase in logistics volume, facilitation, and efficiency
Whether an increase, facilitation, and efficiency of logistics facilities, etc. developed through subsidiary businesses are recognized in terms of the increase in logistics delivery volume due to the effects of capital investment.
- (b) Investment inducement effect
Is the investment inducement effect of subsidized businesses larger than the amount applied for subsidies?

Project C subject to subsidy (re-listed items of project A subject to subsidy)

- ① Examination of Basic Matters (Required Items)
- (a) basic requirements
Is it consistent with the purpose of the subsidized business listed in "1. (1) Objectives of the business" and meets the requirements listed in "1. (2) I Auxiliary Requirements"?
- (b) Eligibility (*1)
Whether the Financial Instruments Business Operator can confirm that it satisfies the requirements listed in "1. (2) Scope of Business Operators" and does not fall under "1. (2) III. Non-Payment Requirements."
- (c) System for Implementing Subsidized Businesses
Is there a sufficient system for the smooth execution of subsidy projects?
- (d) Financial Soundness
Does the business operator have the financial power and management base to smoothly execute subsidy projects?
- (e) Feasibility of subsidized businesses
Is the schedule for the subsidized business appropriate? Whether the subsidized business is excessive in comparison with the investment scale (the financial indicators of the enterprise (sales, net assets, total capital, etc.)?)
- ② Examination of business content (additional scoring items)
- (a) Overseas Production Ratio
Whether overseas concentration of production bases is recognized for products and materials produced through subsidiary businesses
- (b) Concentration of production in a country
Whether the concentration of production bases in a country is recognized for products and materials produced through subsidiary businesses.
- (c) Technologies that do not use the products/parts/materials as much as possible (only for the Production Base Maintenance Business that produces products/parts/materials that are highly concentrated in production bases and that utilize technologies that do not use them as much as possible)
Are technologies that do not use products and materials that are highly concentrated at production sites used as much as possible?
- (d) Flexibility of facilities and equipment to be maintained
Whether the facilities and equipment to be developed through the subsidized businesses are

flexible to a certain extent, and whether they are recognized as contributing to the strengthening of the resilience of the Japanese industry as a whole, such as the conversion of applications in an emergency

(e)Dispersion of Domestic Supply Chains

Whether the selection of a location for the subsidiary business is recognized as contributing to the decentralization of the supply chain in Japan

(f) Commodity priority

Are products and materials produced through subsidiary businesses recognized as having high added value?

(g)Investment inducement effect

Is the investment inducement effect of subsidized businesses larger than the amount applied for subsidies?

(Note 1) As basic items are mandatory items, please describe all items listed in the form (essential).

(Note 2) *1. To explain the eligibility as a subsidiary operator, we recommend that you submit supplementary documents (see Form 2 4. Overview of Subsidiary Operators) regarding verification of financial status. We place importance on the soundness of our management foundation when examining the adoption.

(Note 3) Examination items related to business content are items for examination the content and adding points.

(2) Notification of Selection

After deciding on the results of the review (adoption or non-adoption), the Secretariat will promptly send notice by post.

The adopter will also conduct the necessary procedures related to the execution of the grant of subsidies to the Secretariat.

(3) Schedule for public offering

Friday, May 22, 2020	Commencement of public offering
Friday, June 5, 2020, until noon	Deadline for the prior screening
Monday, June 8, 2020-Mid-June, 2020	Screening for prior adoption
From mid-June 2020	Prior adoption decisions
Wednesday, July 22, 2020, until noon	Public offering deadline
From Monday, July 27, 2020	Adoption screening
From August 2020	Adoption decisions
Wednesday, March 31, 2021	Grant Application deadline

※ After the Grant Decision is made, the project can be started (contracted or ordered).

(4) Other items

Under this system, submitted documents shall be handled strictly, and the details of applications shall not be disclosed without the consent of the applicant from the viewpoint of confidentiality. Provided, however, that in the event that the contents of inquiries or requests from other subsidizing organizations are deemed appropriate, the applicant, business name, and general business contents may be notified to such organizations only for the purpose of use.

In addition, as a result of the public recruitment, the government will publicly announce the names

of the companies adopted, the places where the businesses are implemented, the types of large enterprises/SMEs, and the content of their projects. In addition, the amount of grants will in principle be announced after the completion of the businesses subject to the subsidy.

8. Application for Approval of Advance Commencement and Notify of Results of Approval

Originally, it is not possible to order or spend the expenses subject to the subsidy until after the notification of the decision to grant the subsidy is made.

As a result of the examination, the Secretariat sends a "Notice of Adoption" to the adopter, after which a "Notice of Decision on Grant" is sent, which formally approves the implementation of the project to be granted (paid) based on the application for grant of a subsidy.

In principle, orders, contracts, and expenditures for payments subject to subsidies are made available after the notification of the decision to grant subsidies.

However, in light of the necessity and urgency of this subsidy project, expenses incurred after the date of Cabinet decision on "Emergency Economic Measures for Pandemic Coronavirus Infectious Diseases" on April 7, 2020 may also be recognized as subsidized expenses based on (1) and (2) below. Please note that even in this case, the subsidized expenses will not be incurred unless the order placement and other procedures (bidding, quotation, etc.) are performed in accordance with the subsidy rules.

Applications and approvals made in advance do not guarantee the adoption of subsidies or the decision to grant them.

(1) Application period

From Friday, May 22, 2020 to Wednesday, July 22, 2020, at noon [Necessary]

However, for those subject to the advance review, please file the application on Friday, June 5, 2020, until the noon.

(2) Method of Submission

Applicants must prepare an application form (Note) for the approval of advance commencement using the attached form (P.59) together with the application form and submit it to the Secretariat by post by the above period. When mailing, please send it by means that can confirm the delivery record (e.g. simple registered mail, parcel delivery, etc.).

At that time, clearly indicate on the front of the envelope. that the "Application for Approval of Advance Commencement" is enclosed together with the application documents. If not specified, there may not be examinations for approval, so please note.

Due to delivery or other circumstances, there may be cases where the goods may not be delivered by the deadline. Please be careful that the goods will be sent with sufficient time before the deadline.

(NOTE) The application documents for the approval of the preliminary start are as follows:

- ① Advance-launch application form (P.59)
- ② Plans for capital investment, work, etc. of subsidized businesses

The application form for this approval and the application form for this subsidy will be submitted together. Please note that any amendments or additional submissions after the filing of the application

are not permitted. Applications for preliminary commencement are only for the application period, and cannot be made outside the application period.

(3) Applications and Inquiries

Please submit the filing as below. On the front of envelopes, please write in red 「サプライチェーン対策のための国内投資促進事業費補助金『事前着手のための承認申請書』在中」.

Please note that this file shall not submitted to METI.

<Secretariat of the Program for Promoting Investment in Japan to Strengthen Supply Chains>
[Submit] Original 1copy + Electronic Media
〒103-0027 5F, Nihonbashi 313 Building, Nihonbashi 3-13-5 KDX, Chuo-ku, Tokyo
Social Policy Consulting Department, Mizuho Information & Research Institute, Ltd.
(In charge of the Secretariat of the Program for Promoting Investment in Japan to Strengthen Supply Chains)
TEL:03-6825-5476 FAX:03-6826-5060
※ Telephone reception hours: 10:00 to 12:00 and 13:00 to 17:00 (excluding weekends and holidays)
E-mail:kokunaitoushi@mizuho-ir.co.jp
HP:https://epc.or.jp/fund_dept/supplychain/kobo (Website of Environmental Partnership Conference)

(Note 1) We will not accept faxes, e-mails, or hand carrying. If there is a deficiency in the material, it will not be subject to review, so please note it.

(Note 2) Submission after the deadline is not accepted. Due to delivery and other reasons, the deadline may not be reached, so please send it with a surplus to the deadline.

(Note 3) For mailing, please send it using the method that can confirm the delivery record (e.g., simple registered mail, parcel delivery, etc.).

(Note 4) "Application form for approval for Advance Commencement" should be sent together with the application form.

(4) Advance Consultation and Contact Information

If you submit an application for approval in advance, please make sure to consult with the Secretariat in advance about the necessity of undertaking in advance. Please contact us as soon as possible, as it is expected that the deadline will become crowded.

(5) Use of the Internet

Please be sure to confirm that these procedures and related materials are also available on the following website. Application forms can be downloaded from the website.

Website of https://epc.or.jp/fund_dept/supplychain/kobo(Environmental Partnerships Conference)

(6) Documents to be submitted

① Be sure to use the form in accordance with this public solicitation procedure when submitting the report. Please use A4 format for the size of the document to be submitted. (It is not possible to expand or narrow the frame for each format.)

② The filing destinations and the number of copies of the "Form for Pre-Commencement Approval Application Form," which is required for examination the preliminary approval, are as follows: Please submit the application form (see pages 11-13) to receive the subsidy.

Applications and Inquiries	Number of copies to be submitted
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Secretariat of the Program for Promoting Investment in Japan to Strengthen Supply Chains	<ul style="list-style-type: none"> • 1 original copy... Single-sided printing A4 format • Electronic Media 1 Set.. P. A CD-R(DVD-R containing the documents specified in "How to summarize the filing documents" p.58 is also acceptable. The same applies hereafter.)
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※ Insert the page in the central below the submission and enter the applicant company in CD-R.

③ The application may be reviewed in writing based on the submitted documents, and hearings may be held in some cases.

During the examination period, we may submit additional explanatory materials as necessary.

④ We will not return the documents submitted in the "List of Documents to be submitted" or any additional explanatory materials.

(7) Notification, etc. of Approval or Non-Approval of Advance Commencement

Pre-launch is subject to approval by the Ministry of METI. The Secretariat will promptly inform us of the results of the decision on whether or not to approve the start of the advisability in advance.

Please note that, even with the prior approval of commencement, this subsidy will not be granted if it is not adopted as a result of the examination of the adoption for granting this subsidy.

Please note that in the event that we do not obtain prior approval for the start of the project, the costs of placing orders, purchasing, contracts, etc. prior to the decision date of delivery will not be covered by the subsidy.